

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
(d/b/a Fannie C. Williams Charter School)
New Orleans, Louisiana

FINANCIAL REPORT
JUNE 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 15 2013

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
(d/b/a Fannie C. Williams Charter School)
New Orleans, Louisiana

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Government Auditing Standards Report	
Report on Internal Control over Financial Reporting And On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	11
Schedule of Findings and Questioned Costs:	
Section I – Summary of Auditor's Results	13
Section II – Financial Statement Findings	14
Summary Schedule of Prior Audit Findings and Questioned Costs	21
Management Letter	23

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
(d/b/a Fannie C. Williams Charter School)
New Orleans, Louisiana**

TABLE OF CONTENTS - *CONTINUED*

State Reporting Section

Independent Accountant's Report on Applying Agreed-Upon Procedures	26
Schedules Required by State Law (R.S. 24:514 Performance and Statistical Data)	30
Schedule 1 – General Fund Instructional and Support Expenditures	32
Schedule 2 – Education Levels of Public School Staff	33
Schedule 3 – Number and Type of Public Schools	34
Schedule 4 – Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers	35
Schedule 5 – Public School Staff Data: Average Salaries	36
Schedule 6 – Class Size Characteristics	37
Schedule 7 – LA. Educational Assessment Program (LEAP)	38
Schedule 8 – Graduation Exit Examination (GEE)	40
Schedule 9 – iLeap Test Results	41

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)
P. O. Box 73360 • Baton Rouge, Louisiana 70874
Phone (225) 774-4703 • Fax (225) 774-4509

INDEPENDENT AUDITOR'S REPORT

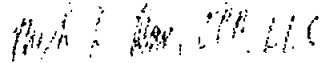
Board of Directors
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

I have audited the accompanying statement of financial position of **Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School** (a nonprofit corporation), as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the **School's** management. My responsibility is to express opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **School** as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 2, 2013, on my consideration of the **School's** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.



Melvin L. Davis
Certified Public Accountant
May 2, 2013

Statement A

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

Statement of Financial Position
June 30, 2012

ASSETS

Current Assets

Cash in bank - unrestricted	\$ 217,169
Cash in bank - restricted	276,963
Total cash	<u>494,132</u>

Grants receivable (note 4)	209,539
Deposits	14,897
Prepaid expenses	13,561
Total current assets	<u>237,997</u>

TOTAL ASSETS	<u>\$ 732,129</u>
---------------------	--------------------------

LIABILITIES

Current Liabilities

Accounts payable	\$ 137,438
Accrued salaries	299,491
Payroll deductions and benefits payable	31,422
Deferred revenue	250,000
Other liabilities	32
Deposits held for others - School Student Activity Fund (note 10)	26,963
Total Liabilities	<u>745,346</u>

NET ASSETS

Unrestricted net assets	(13,217)
Total Net Assets	<u>(13,217)</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 732,129</u>
---	--------------------------

The accompanying notes to the financial statements are an integral part of these statements.

Statement B

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

Statement of Activities
Year Ended June 30, 2012

REVENUES AND OTHER SUPPORT

Grants:	
Federal	\$ 480,512
State	32,325
State Minimum Foundation Program	1,777,835
Local Minimum Foundation Program	1,945,989
Other revenue	<u>13,140</u>

TOTAL REVENUE AND OTHER SUPPORT	<u><u>4,249,801</u></u>
--	-------------------------

EXPENSES

Instruction:	
Regular programs	1,740,748
Special education programs	275,589
Special programs	<u>274,140</u>
Total instruction	<u><u>2,290,477</u></u>

Supporting Services:	
Pupil support services	208,507
Instructional staff services	294,706
General administration	39,935
School administration	429,798
Business services	70,886
Operation and maintenance of plant services	306,368
Student transportation services	599,657
Food service	<u>15,150</u>
Total supporting services	<u><u>1,965,007</u></u>

TOTAL EXPENSES	<u><u>4,255,484</u></u>
-----------------------	-------------------------

CHANGE IN NET ASSETS	(5,683)
-----------------------------	---------

NET ASSETS AT BEGINNING OF YEAR	<u>(7,534)</u>
--	----------------

NET ASSETS AT END OF YEAR	<u><u>\$ (13,217)</u></u>
----------------------------------	---------------------------

The accompanying notes to the financial statements are an integral part of these statements.

Statement C

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

Statement of Cash Flows
Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (5,683)
provided (used) by operating activities:	
(Increase) decrease in:	
Grants receivable	(209,539)
Deposit	(14,897)
Prepaid expense	(13,561)
Increase (decrease) in:	
Accounts, payroll, and other payables	460,339
Deferred revenue	250,000
Deposits held for others - School Student Activity Fund	<u>27,463</u>

Net cash provided (used) by operating activities	<u><u>494,122</u></u>
---	-----------------------

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from short-term long	50,000
Repayment of short-term loan	<u>(50,000)</u>

Net cash provided (used) by financing activities	<u>-</u>
--	----------

Net increase in cash	<u>494,122</u>
-----------------------------	----------------

CASH AT BEGINNING OF YEAR	<u>10</u>
----------------------------------	-----------

CASH AT END OF YEAR	<u><u>\$ 494,132</u></u>
----------------------------	--------------------------

Supplemental Disclosures:

Interest paid	<u><u>\$ 2,000</u></u>
---------------	------------------------

The accompanying notes to the financial statements are an integral part of these statements.

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School**

Notes to the Financial Statements
For the Year Ended June 30, 2012

Note 1 – Summary of Significant Accounting Policies

A. Organization

Community Leaders Advocating Student Success, Inc. (the Organization) d/b/a Fannie C. Williams Charter School (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on July 12, 2010. The corporation is organized exclusively for charitable and educational purposes. **The Organization's** purpose is to provide excellent educational opportunities and options for all children.

Effective May 11, 2011, **the Organization** entered into a Charter School Contract with the Louisiana State Board of Elementary Education (BESE) to operate a Type 5 public charter school in the Louisiana Recovery School District as defined in LSA R.S. 17:3992 and 3998. The Charter School Contract was granted for an initial term of five years and will terminate on June 30, 2016, contingent upon the results of the reporting requirements at the end of the third year. The Charter Contract shall be extended if BESE determines that the charter school is meeting the student, financial, and legal and contract standards, pursuant to Bulletin 126.

B. Basis of Accounting

The School prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profits Organization*. Under SFAS No. 117, **the School** is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted – Support, revenues, and expenses for the general operation of **the School**.

Temporarily Restricted – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific period.

Permanently Restricted – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **the School**. Generally, the donors of these assets permit **the School** to use all or part of the income derived from the investment of these contributions.

D. Public Support and Revenue

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the state of Louisiana and the Orleans Parish School Board. The School receives \$1,777,835 from the State and \$1,945,989 from the Orleans Parish School Board per eligible student at the official pupil count date of October 1, 2011, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the School considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

F. Grants Receivable

The grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

G. Capital Assets

The School's policy is to capitalize property and equipment over \$1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value.

Depreciation is provided utilizing the straight-line method over estimated useful lives of the asset. Useful lives vary from 3 to 7 years for furniture and equipment and 10 years for leasehold improvements. At June 30, 2012, the School had no capitalized property and equipment and therefore, no depreciation expenses are recorded in the financial statements.

H. Deferred Revenue

Deferred revenue consist of a grant award received in advance that related to services to be rendered in a future period and are deferred and recognized as revenue in the period earned.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

J. Income Taxes

Income taxes are not provided for in the financial statements since the School is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

K. Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. **The School** had no permanently restricted net assets as of the year ended June 30, 2012.

L. Compensated Absences

All employees are granted 10 days of personal leave per school year, which is paid time off from work. Personal leave may be used for vacation, illness (of employees or family members), or other personal reasons. Such leave, when not used, shall be allowed to lapse at year end.

Note 2 – Concentration of Credit Risk

At June 30, 2012, **the School** had bank balances totaling \$522,588 on deposit in a financial institution located in Louisiana. The bank is insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2012, **the School** had not uninsured cash balances.

The primary funding sources of **the School** are the Minimum Foundation Program (MFP) funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count and various direct and pass-through grants from federal and state agencies. If the amount of MFP and grants received fall below the expected student count and contract levels, respectively, **the School's** operating results could be adversely affected.

Note 3 – Retirement Plan

Substantially, all employees of **the School** are members of a safe harbor 403(b) Contributions Plan. Covered employees may elect to contribute a portion of their salaries to the plan. **The School** matching contribution to the Plan is 100% of the participant's compensation up to 5% and an additional 2% for contributions exceeding 4% of the participant's compensation. The School made contributions of \$131,252 to the Plan for the year ended June 30, 2012. No contributions were made to the Plan in prior years.

Note 4 – Grants Receivable

As of June 30, 2012, grants receivable consist of amounts due from the following sources:

Federal - U. S. Department of Education:	
Title I	\$ 150,183
Title II	3,872
Special Education - IDEA	19,265
Public Charter School Program	7,724
Total Federal	<u>181,044</u>
State of Louisiana:	
Recovery School District	<u>28,495</u>
Total Grants Receivable	<u>\$ 209,539</u>

Note 5 – Operating Leases

The School has an operating lease for office equipment. The lease for office equipment is year-to-year and expires on June 30th of each year. Total lease expense for the office equipment for the year ended June 30, 2012 totaled \$12,414.

Note 6 – School Facilities

Effective July 1, 2011, **the School** entered into an agreement with the Louisiana State Department of Education through its Recovery School District, which allows **the School** to use the school facilities and its contents located at 11755 Dwyer Road, New Orleans, Louisiana 70128. The agreement will expire on June 30, 2014, unless the BESE grants an extension for an additional two years.

Alterations made by **the School** shall not diminish the value of the property at the time the alterations are approved. Any physical additions or improvements to the property will become property of the BESE. All assets purchased with public funds obtained from public sources will automatically revert to BESE at the time the charter school agreement is terminated. **The School** must maintain records of all school property in compliance with BESE policy and shall update **the School's** property inventory quarterly.

The School is responsible for repair and replacement of physical property. In addition, **the School** is responsible for and obligated to provide for routine maintenance and repairs such that the facilities and property are maintained in as good condition as when the right of use was acquired, excluding ordinary wear.

Use of the property is not recorded as an in-kind contribution from or related rent expense to BESE. The value of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 7 – Contingencies

The School is the recipient of grant funds from various federal and state agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of **the School** and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

Note 8 - Risk Management

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2012.

Note 9 – Minimum Foundation Program (MFP)

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in **the School** as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2012, **the School** recognized revenue of \$1,777,835.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which pass through to **the School** as Local MFP. Revenues received by OPSB from sales taxes, ad valorem taxes, and other sources are allocated to each school based on its enrollment as of June 30. For the year ended June 30, 2012, **the School** recognized revenue of \$1,945,989.

Note 10 – Funds Held on Behalf of Others (School Student Activity Fund)

The School acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$26,963 at June 30, 2012, and is reported as both an asset (restricted cash) and a liability (Due to Student Activity). Consequently, there is no effect on **the School's** net assets.

Note 11 - Board of Directors' Compensation

The members of the Board of Directors serve in a voluntary capacity; therefore, no compensation, per diem, or travel allowances were paid to any board member during the year ended June 30, 2012.

Note 12 – Subsequent Events

The School is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The School** performed such an evaluation through May 2, 2013, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY
*GOVERNMENT AUDITING STANDARDS***

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)
P. O. Box 73360 • Baton Rouge, Louisiana 70874
Phone (225) 774-4703 • Fax (225) 774-4509

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

I have audited the financial statements of **Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School (the School)**, a nonprofit organization as of and for the year ended June 30, 2012, and have issued my report thereon dated May 2, 2013. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **the School** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered **the School's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the School's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control over financial reporting.

My consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore. There can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, I identified certain deficiencies in internal control over financial reporting that I consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of **the School's** financial statements will not be prevented, or detected and corrected on a timely basis. I consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2012-01 and 2012-02 to be material weaknesses.

A *significant deficiency* is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I consider the deficiencies described in the accompanying schedule of findings and questioned costs, as items 2012-03 through 2012-05 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

I noted certain matters that I reported to management of **Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School** in a separate letter dated May 2, 2013.

The School's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. I did not audit the School's response and, accordingly, I express no opinion on it.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Melvin L. Davis, CPA, LLC

Melvin L. Davis
Certified Public Accountant
May 2, 2013

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School

Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency (ies) identified?
- Noncompliance material to financial statements noted?

<u>x</u>	Yes	<u> </u>	No
<u>x</u>	Yes	<u> </u>	No
<u> </u>	Yes	<u>x</u>	No

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings

2012-01 Controls Over Financial Reporting Needs Strengthening

Condition:

The School has not provided adequate controls over financial reporting. My test of the accounting records disclosed the following:

- The student activity fund cash account bank reconciliations disclosed unreconciled differences of \$894.90. The signatures and dates of the preparer and approver were not affixed to the bank reconciliations generated utilizing the QuickBooks accounting software. Management of the School has subsequently recorded a correcting entry to reconcile the differences.
- **The School** did not reconcile payroll related general ledger liability accounts on a monthly basis. General journal entries were prepared for each payroll period to record payroll transactions, however when remitting amounts to vendors, in most instances the entire disbursement amounts were recorded as expenditures. Subsequent to year end, management recorded correcting entries and the material amounts of those entries have been recorded in the accompanying financial statements.
- During the preparation of the Department of Treasury, Internal Revenue Service Form 941 "Employer's Quarterly Federal Tax Return", **the School's** reconciliation disclosed approximate \$8,000 difference between amounts per the forms and the general ledger. I found no evidence that the differences were investigated.
- Claims for reimbursements, in some instances, were not always properly supported with appropriate worksheets and documentation. In addition, the claims for reimbursements were not submitted to the Louisiana Department of Education for reimbursement in a timely manner.
- Year-end close procedures were not established.
- Expense transactions were not coded in accordance to the Louisiana Accounting and Uniform Governmental Handbook, as required by the Louisiana Department of Education.
- A draft of "Accounting Policy and Procedures Manual" was developed by the School's financial consultant. However, the manual has not been completely reviewed, revised, approved, adopted or implemented.

Criteria:

Adequate internal controls in relation to financial reporting require that specific procedures be in place to ensure that transactions are properly supported and recorded on a timely basis. In addition, controls should be in place to ensure the integrity of the monthly financial statements and to ensure the appropriate oversight of funds and monthly transactions from those charged with governance.

Cause:

The School did not maintain an adequate control environment due to lack of monitoring and oversight by those charged with governance.

Effect:

The lack of adequate internal controls relating to general ledger maintenance significantly increases the risk that material error and irregularities could exist and not be detected. The lack of oversight significantly increases the risk of the misappropriation of assets.

Recommendation:

The School should review its existing controls over financial reporting and adopt and implement policy and procedures that will ensure the safeguarding of the **School's** assets, reporting accurate financial data and that personnel comply with policies, procedures and regulations. In addition, the organization should complete its review of the draft "Accounting Policy and Procedures Manual" maintain the general ledger on a timely basis including posting transactions, completing account reconciliations, and preparing monthly financial statements. The accounting policy and procedures manual should includes month-end procedures along with formal approvals and other control procedures. Those in charge of governance should monitor the process to ensure compliance with the policies established.

Management's response and corrective action plan:

This was the first year of operations for the School. We recognize the importance of having strong internal controls in place to safeguard the School's assets and report accurate financial data.

With regard to the findings enumerated above:

- There were no **unreconciled** differences. The student activity fund subsidiary ledger had the correct balance, but the general ledger had not been updated. The business manager failed to reduce the cash and related liability balance in the general ledger for the two checks totaling \$894.90 that were written and recorded in the subsidiary ledger. In the auditor's finding 2012-04 it is indicated that the two transactions were recorded in June 2012 and cleared in July 2012. This is the reconciled difference. Management provided the audit adjustments to correct the differences.
- The liability accounts in question originally contained balances that should have been reduced when payments were made to the vendors. The failure to reduce the liability accounts resulted in both the liability accounts and the expense accounts being overstated. Management contacted the vendors and confirmed the balances due at June 30, 2012 and reduced the liability accounts and the related expenses via journal entries. The vendors provided statements reflecting billings and payments for the year, when possible, and entries were provided to the auditor to adjust the individual accounts. Expense accounts related to employee benefits were analyzed using information provided by vendors, when necessary, and information from the Paychex payroll registers. Accounts were reconciled and entries were provided to the auditor to adjust the individual accounts.
- At year end, the payroll general ledger account was reconciled to the IRS Form 941s and required journal entries were posted to correct errors. After the correcting journal entries were recorded, management deemed the remaining \$8,000 difference, which represented less than 1% of gross salaries to be immaterial.

- We recognize the importance of timely submissions with complete supporting documentation and have implemented procedures to correct this deficiency.
- Although year-end bank accounts were reconciled and year-end receivable and accounts payable accounts were properly recorded, we do recognize that the previously mentioned payroll liability accounts contained balances that required adjusting. Management has taken immediate steps to ensure that all accounts are reconciled monthly and at year-end. The policies and procedural manual is currently being updated to reflect these procedures.
- All revenue and expense transactions were coded in accordance with the "LAUGH GUIDE", however we do recognize that the LAUGH Guide contains further detail to which expenditures can be classified, management does not believe that this is a requirement. Per the LAUGH Guide pages 2, it is to be used as a vehicle for cost accounting. Page 3 states that the guide does not provide information for methods and procedures for reporting financial data (such as actual preparation of financial reports from the ledgers). Although, we may use minor coding variances from the LAUGH guide, all amounts can be easily traced to our system. The issue is that our system contains a different coding that easily flows to the AFR. The AFR which is due to the Louisiana Department of Education on an annual basis was prepared utilizing the further detail as required for submission. The school's AFR was submitted timely and received an excellent rating. We do appreciate the recommendation and have added the additional expense sub-codes to the general ledger. We made no modifications to the revenue accounts as they were as detailed as the Laugh Guide.

Additional Auditor Comment:

Internal controls over bank reconciliations and payroll liability accounts – It is management's responsibility to ensure that all transactions are recorded accurately, timely, and complete and that all bank accounts are reconciled timely and in an accurate manner, as well as, being properly reviewed and approved. In regards to these findings, this auditor reviewed the School's current year general ledger through January 18, 2013 and found that these issues continued to exist which is evidence that the School's had not properly reviewed and maintained its general ledger in a timely manner. In addition, the audit adjustments mentioned previously in management's response and corrective action plan were made only after the issues was brought to management's attention by this auditor.

Finding 2012-02 Support Documentation for Expenditures/Disbursements

Condition:

Of the eighty-one (81) disbursement transactions tested, the following exceptions were noted:

- School personnel were unable to locate supporting documentation for 9 of the disbursement transactions selected for test purpose.
- 35 disbursements did not show evidence that the purchases were properly authorized.
- 1 disbursement transaction included \$8,515.00 a security deposit with a utility company recorded as an expenditure, rather than as an asset.
- 15 disbursements were not supported by invoices, receipts, etc.
- 2 disbursements were paid based on using copy or faxed copy of invoices as support documentation.
- Supporting documents are not always canceled to avoid duplicate payment.

Packing slips and/or staff signature on invoices are currently being used as evidence of receipt of goods or services. However, during the audit process, it was noted that in numerous instances the absence of packing slips and staff signature on invoice. Also, the date of receipt did not accompany the staff signature in most instances.

Criteria:

Adequate internal controls relating to the procurement and accounts payable/cash disbursements cycle require that specific procedures be in place to ensure that the procurement of goods and services are in compliance with state laws and regulations and that disbursements are properly authorized, supported with documentation such as invoices and receiving reports, and that the disbursements are paid and recorded timely.

Cause:

The School has not placed sufficient emphasis on ensuring that the procurement of goods and services are properly requested, authorized, and payments are supported by purchase orders, receiving reports, and original invoices.

Effect:

The lack of adequate internal control relating to the procurement and accounts payable/cash disbursements cycle could result in **the School** assets being misappropriated and/or the financial statements could be materially misstated.

Recommendation:

I recommend that **the School** adopt written policies and procedures related to procurement and cash disbursements that will require centralized purchasing, the utilization of the purchase order system, adequate supporting documentation, evidence of receipt of goods or services, proper maintenance of files, and timely payment and recording of transactions. In addition, I recommend that requisitions, bids/quotes, invoices, applicable purchase orders, and receiving documents be attached and maintained in one file to eliminate the maintenance of an additional file and thus required filing time.

Management's Response and Correction Action Plan:

Although check request forms were not available for all transactions selected for testing, all checks written contained two signatures prior to release. It is the practice for the business manager to provide the check signer with supporting documentation prior to checks being signed. Unfortunately, after transitioning business managers, certain documents requested for testing could not be located. A policies and procedural manual which contains procedures designed to correct the noted deficiencies has been drafted and will be reviewed by the Finance Committee and approved at the next board meeting.

2012-03 Human Resources and Payroll Transactions

Condition:

My examination of the organization's procedures and transactions relating to the payroll function disclosed the following:

- The employee responsible for processing payroll has the ability to add employees, change employee information, enter daily time and attendance for hourly employees, update pay rates, and maintain all supporting payroll documents.
- There was no evidence supporting an independent administrative review of payroll transactions and reports by management.
- Time and attendance sheets were not signed by the immediate supervisor.
- In numerous instances, leave taken was not properly documented with signed and approved leave slips.

Criteria:

Internal controls over payroll processing should be designed in such a manner to ensure no one employee handles all these payroll processes. In addition, internal controls relating to human resources and payroll require that specific procedures are in place to ensure that payroll expenses are properly documented and recorded.

Effect:

Increased risk of fraudulent activities may occur with weak internal controls over human resource and payroll transactions.

Cause:

Internal controls over human resources and payroll functions are not designed in such a manner to ensure no one employee performs incompatible functions and payroll transactions are properly documented and recorded.

Recommendation:

Management design internal controls to ensure no one employee performs all these duties and human resources and payroll transactions are properly documented and recorded.

Management's response and corrective action plan:

Payroll processing is done by the Executive Assistant. Independent review of payroll transactions is performed by the business manager after each payroll was processed. The business manager inputted each employee into the general ledger system from the payroll register received directly from Paychex. Any change in pay or benefits for an employee would be brought to the attention of the CEO and investigated. With respect to the leave requests, management has implemented policies and procedures that require the CEO or designated supervisor to sign off on all time and attendance sheets as well as all leave slips.

2012-04 School's Student Activity Fund

Condition:

My examination of accounting records related to the School's Student Activity Fund disclosed the following:

- Cash collections by teachers were not always supported by teacher collection logs disclosing name of remitter, date, amounts collected and activity or purpose.
- Disbursements made from student activity accounts were not always supported by a properly signed Check Request Form and supporting documentation such as invoices, receipts, etc.
- There was no annual report on **the School's** Student Activity Fund's activities by the Principal or his designee to the Board President and/or Board of Directors. Such report shall be sufficiently detailed to notify the Board President and/or Board of Directors of account balances, significant deposits, significant expenditures, and any unresolved errors or discrepancies.
- The bank reconciliation at June 30, 2012 for **the School's** Student Activity Fund differed from the general ledger by \$894.90. Auditor could not verify that two (2) checks dated in June 2012 and cleared the bank in July 2012 totaling the \$894.90, had in fact be recorded in the School's general ledger.

Criteria:

Management internal controls and procedures relating to **the School's** Student Activity Fund did not ensure compliance with LSA-RS 17:414.3, when performing its fiduciary and accountability duties related to **the School's** Student Activity Fund accounts.

Effect:

Management of **the School's** Student Activity Fund did not fully comply with LSA-RS 17:414.3.

Cause:

Management's internal controls, policies and procedures over the School's Student Activity Fund are not designed in such a manner to ensure compliance with LSA -RS 17:414.3.

Recommendation:

Management should design its internal controls, policies and procedures to ensure compliance with LSA-R.S. 17:414.3, when performing its fiduciary and accountability duties related to **the School's** Student Activity Fund. In addition, **the School** should ensure that all transactions are recorded accurately and timely in the general ledger and that bank reconciliations are properly prepared, reviewed, and approved for accuracy. Also, any unreconciled differences should be promptly investigated.

Management's Response and Correction Action Plan:

We agree with the recommendation and have implemented corrective actions including: (1) requiring teacher collection logs disclosing name of remitter, date, amounts collected and activity or purpose and (2) properly signed Check Request Form and supporting documentation such as invoices and receipts. All transactions of the student activity fund are recorded in the subsidiary ledger with a summary journal entry adjusting the cash and liability balance in the general ledger on a monthly basis. As previously stated in response to finding 2012-01, the business manager failed to record the summary entry into the general ledger. The student activity subsidiary ledger account differed from the general ledger by the two

checks that were recorded in the subsidiary ledger in June 2012 and cleared the bank in July of 2012, but not summarized in the general ledger as of June 30, 2012.

2012-05 Late Submission of the Audit Report

Condition:

The audit of **the School's** financial statements was not completed and filed with the Office of Legislative Auditor within six months of the close of the School's fiscal year.

Criteria:

In accordance with LSA-R.S. 24:513A(5)(a).....audits shall be submitted within six months of the close of the entity's fiscal year.

Effect:

The audit report was not filed within the time period required by state law.

Cause:

The School's internal controls over the schools financial transactions were not designed in such a manner to ensure compliance with LSA-R. S. 24:513A(5)(a).

Recommendation:

Management should place emphasis on providing audit related data in a timely manner and design its internal controls over financial reporting to ensure compliance with LSA-R.S. 24:513A(5)(a).

Management's Response and Correction Action Plan:

We have implemented procedures policies to ensure that the audit is started earlier to provide for a more timely completion and under no circumstances will be extended past the statutory due date.

**COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Financial Statement Findings

This is the School's first year of operations, therefore no prior year findings are reported.

LETTER TO MANAGEMENT

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)
P. O. Box 73360 • Baton Rouge, Louisiana 70874
Phone (225) 774-4703 • Fax (225) 774-4509

MANAGEMENT LETTER

To the Board of Directors
Community Leaders Advocating Student Success, Inc.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

In planning and performing my audit of the financial statements of **Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School, (the School)**, a nonprofit corporation, as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, I considered **the School's** internal controls over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of **the School's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control.

However, during my audit I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. I previously reported on **the School's** internal control in my report dated May 2, 2013. This letter does not affect my report dated May 2, 2013, on the financial statements of **the School**.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various school personnel, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations. My comments are summarized as follows:

ML 2012-1 Include All Significant Matters in Minutes of Board Meetings

In reviewing minutes of the Board of Directors meetings, I noted that not all significant matters discussed or decided at meetings were included in the minutes. In several instances, I learned that certain matters had been authorized by the Board, yet the authorization was not reflected in the minutes. Also, the minutes of the meetings of the Board of Directors did not include a motion to approve the prior meeting minutes and were not signed by the presiding officer.

I recommend that matters such as pay raises, bonuses, loan transactions, the approval of significant contracts or agreements, and procedural changes be discussed, approved, and documented in Board minutes. When issues are discussed by teleconference or email, the discussion should be documented and maintained with other board minutes.

In addition, I recommend that all minutes be formally approved at the subsequent Board meeting and appropriately signed by the Board Secretary as an indication of approval.

Management's Response and Correction Action Plan:

We agree with the recommendation and will make sure that all significant matters, including authorized actions by the Board are reflected in the minutes. All minutes will be formally approved at the subsequent Board meeting and appropriately signed by the Board Secretary as an indication of approval.

ML 2012-2 Expenditure code assignment

Currently, none of the supporting documents related to the procurement and payment for goods or services reflect the expenditure code to be charged. The coding should take place during the purchase authorization process to facilitate the Business Manager's determination of whether sufficient funds are available to allow for the purchase. Only the accounting system contains the expenditure codes.

I recommend that the School's policies and procedures be revised to require that purchase requisitions, purchase orders, check stubs, etc. contain all expenditure codes relevant to each purchase or disbursement. When multiple expenditures codes relate to a disbursement, all codes and amounts should appear on the documents.

Management's Response and Correction Action Plan:

We accept the recommendation and as mentioned previously, a purchase order system has been implemented and required procedures have been provided to all staff.

I wish to thank the staff of the School for their support and assistance during my audit.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Melvin L. Davis, CPA, LLC

Melvin L. Davis
Certified Public Accountant
May 2, 2013

STATE REPORTING SECTION

**Schedules Required by State Law
(R.S. 24:514 Performance and Statistical Data)**

Melvin L. Davis
Certified Public Accountant

(A Limited Liability Company)
P. O. Box 73360 • Baton Rouge, Louisiana 70874
Phone (225) 774-4703 • Fax (225) 774-4509

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School (the School)**, a nonprofit corporation, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of the **School** and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. Management of the **School** is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings relate to the accompanying schedules of supplementary information and are as follows:

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources (Schedule 1)**

- I. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:

- Total General Fund Instructional Expenditures
- Total General Fund Equipment Expenditures
- Total Local Taxation revenue
- Total Local Earnings on Investment in Real Property
- Total State Revenue in Lieu of Taxes
- Nonpublic Textbook Revenue
- Nonpublic Transportation Revenue

Comment: Review of transactions disclosed 7 transactions that lacked adequate supporting documentations to determine whether properly classified and reported in the proper amount.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
Independent Accountant's Report on
Agreed-Upon Procedures

Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to the School supporting payroll records as of October 1st.

Comment: No differences noted.

3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant per this schedule.

Comment: No differences noted.

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. I traced each of the teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Comment: No differences noted.

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. I compared the list to the School and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application. The School only operates grades one through eight.

Comment: No differences noted.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

6. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Comment: No differences noted.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
Independent Accountant's Report on
Agreed-Upon Procedures

Public School Staff Data: Average Salaries (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired status as well as full-time equivalent as reported on the schedule and traced each teacher to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

Comment: No differences noted.

8. I recalculated the average salaries and full-time equivalents reported in the schedule.

Comment: No differences noted.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Comment: No differences noted.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Comment: No differences noted.

Graduation Exit Exam (GEE) (Schedule 8)

11. Because this schedule does not apply to an elementary school, I did not obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Comment: Not applicable.

iLEAP Tests (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School.

Comment: No differences noted.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
Independent Accountant's Report on
Agreed-Upon Procedures

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of **Community Leaders Advocating Student Success, Inc. d/b/a Fannie C. Williams Charter School**, the Louisiana Department of Education, the Louisiana Legislature, and the Louisiana Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Melvin L. Davis, CPA, LLC

Baton Rouge, Louisiana
May 2, 2013

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
d/b/a Fannie C. Williams Charter School
New Orleans, Louisiana

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2011

Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments in real property, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 – Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 – Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 – Experience of Public Teachers, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 – Public School Staff Data – Average Salaries

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and including summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes one year of data.

(Continued)

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.

d/b/a Fannie C. Williams Charter School

Schedules Required by State Law (R.S. 24:514 – Performance
and Statistical Data) - Concluded

As of and for the Year Ended June 30, 2012

Schedule 8 – Graduation Exit Exam

This schedule represents student performance testing data and including summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule does not apply to elementary schools, and therefore, this schedule is not applicable.

Schedule 9 – The IOWA Tests

This schedule represents student performance testing data and including summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes one year of data. **The School** does not operate grades 9; therefore, achievement level results for this grade is not applicable.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2012**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:

Teacher and Student Interaction Activities:

Classroom Teacher Salaries	\$ 1,238,912	
Other Instructional Staff Activities	104,593	
Employee Benefits	332,879	
Purchased Professional and Technical Services	83,671	
Instructional Materials and Supplies	1,715	
Instructional Equipment		
Total Teacher and Student Interaction Activities	<u>1,761,770</u>	\$ 1,761,770

Other Instructional Activities		19,097
--------------------------------	--	--------

Pupil Support Activities	164,370	
Less: Equipment for Pupil Support Activities	<u>-</u>	
Net Pupil Support Activities		164,370

Instructional Staff Services	257,082	
Less: Equipment for Instructional Staff Services	<u>-</u>	
Net Instructional Staff Services		<u>257,082</u>

School Administration	370,695	
Less: Equipment for School Administration	<u>-</u>	
Net School Administration		<u>370,695</u>

Total General Fund Instructional Expenditures		<u>\$ 2,573,014</u>
---	--	---------------------

Total General Fund Equipment Expenditures		<u>\$ -</u>
---	--	-------------

Certain Local Revenue Sources

Local Taxation Revenue:

Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	-
Total Local Taxation Revenue	<u>\$ -</u>

Local Earnings on Investment in Real Property

Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	-
Total Local Earnings on Investment in Real Property	<u>\$ -</u>

State Revenue in Lieu of Taxes:

Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	-
Total State Revenue in Lieu of Taxes	<u>\$ -</u>

Nonpublic Textbook Revenue		<u>\$ -</u>
----------------------------	--	-------------

Nonpublic Transportation Revenue		<u>\$ -</u>
----------------------------------	--	-------------

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Education Levels of Public School Staff
As of October 1, 2011

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Bachelor's Degree	20	67.0%	3	75.0%	0	0.0%	0	0.0%
Master's Degree	10	33.0%	1	25.0%	2	100.0%	0	0.0%
Master's Degree + 30	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Specialist in Education	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Ph. D. or Ed. D.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	30	100.0%	4	100.0%	2	100.0%	0	0.0%

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2012

Type	Number
Elementary	1
Middle/Jr. High	0
Secondary	0
Combination	0
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers
As of October 1, 2011

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	1	0	0	0	0	1
Principals	0	0	1	0	0	0	0	1
Classroom Teachers	10	5	13	1	1	0	4	34
Total	10	5	15	1	1	0	4	36

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Public School Staff Data
For the Year Ended June 30, 2012

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$47,664	\$47,664
Average Classroom Teachers Salary Excluding Extra Compensation	\$47,186	\$47,186
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	34	34

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers: some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave; and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Class Size Characteristics
As of October 1, 2011

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	56.9%	74	34.6%	45	8.5%	11	0.0%	0
Elementary Activity Classes	100.0%	1	0.0%	0	0.0%	0	0.0%	0
Middle/Jr. High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Middle/Jr. High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2012

School Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	1	2%					0	0%				
Mastery	19	35%	N/A	N/A	N/A	N/A	12	9%	N/A	N/A	N/A	N/A
Basic	21	39%					30	52%				
Approaching Basic	8	15%					10	30%				
Unsatisfactory	5	9%					2	9%				
Total	54	100%	0	0%	0	0%	54	100%	0	0%	0	0%

School Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0%					0	0%				
Mastery	8	15%	N/A	N/A	N/A	N/A	5	9%	N/A	N/A	N/A	N/A
Basic	21	39%					28	52%				
Approaching Basic	21	39%					16	30%				
Unsatisfactory	4	7%					5	9%				
Total	54	100%	0	0%	0	0%	54	100%	0	0%	0	0%

School Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	2	6%					0	0%				
Mastery	1	3%	N/A	N/A	N/A	N/A	0	0%	N/A	N/A	N/A	N/A
Basic	20	56%					19	53%				
Approaching Basic	9	25%					8	22%				
Unsatisfactory	4	11%					9	25%				
Total	36	101%	0	0%	0	0%	36	100%	0	0%	0	0%

Continued

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2012

School Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%					0	0%				
Mastery	1	3%	N/A	N/A	N/A	N/A	1	3%	N/A	N/A	N/A	N/A
Basic	10	28%					8	22%				
Approaching Basic	15	42%					13	36%				
Unsatisfactory	10	28%					14	39%				
Total	36	101%	0	0%	0	0%	36	100%	0	0%	0	0%

Note: Fannie C. Williams was not in operation during the 2009 and 2010 academic year, therefore no achievement level results are presented for those years.

Concluded

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC.
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

The iLEAP Tests
For The Year Ended June 30, 2012

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: Fannie C. Williams Charter School is a elementary school, therefore this schedule does not apply.

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

The iLEAP Tests
For The Year Ended June 30, 2012

iLEAP Tests

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

(Continued)

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/h/c Fannie C. Williams Charter School)
New Orleans, Louisiana

The ILEAP Tests
For The Year Ended June 30, 2012

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

(Continued)

COMMUNITY LEADERS ADVOCATING STUDENT SUCCESS, INC
(d/b/c Fannie C. Williams Charter School)
New Orleans, Louisiana

The iLEAP Tests
For The Year Ended June 30, 2012

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	2	4%	0	0%	0	0%
Mastery	7	13%	4	7%	1	2%	3	6%
Basic	25	46%	16	30%	23	43%	25	46%
Approaching Basic	11	20%	15	28%	22	41%	11	20%
Unsatisfactory	11	20%	17	31%	8	15%	15	28%
Total	54	99%	54	100%	54	101%	54	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	3%	2	5%	0	0%	0	0%
Basic	15	41%	19	51%	0	24%	10	27%
Approaching Basic	16	43%	6	16%	22	59%	18	49%
Unsatisfactory	5	14%	10	27%	6	16%	9	24%
Total	37	101%	37	99%	28	99%	37	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	2%	1	2%	1	2%	0	0%
Basic	22	52%	19	45%	15	36%	14	33%
Approaching Basic	14	33%	9	21%	16	38%	16	38%
Unsatisfactory	5	12%	13	31%	10	24%	12	29%
Total	42	99%	42	99%	42	100%	42	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	3%	1	3%	1	3%	0	0%
Basic	18	50%	19	53%	20	56%	18	50%
Approaching Basic	12	33%	10	28%	10	28%	15	42%
Unsatisfactory	5	14%	6	17%	5	14%	3	8%
Total	36	100%	36	101%	36	101%	36	100%

Concluded